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Dayna R Robison 09/20/2006 11:02:30 AM From DB/Inbox: Dayna R Robison

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UNCLAS VIENNA 02774

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ACTION: PAO
INFO: REVIEW DCM AMB DAO POLEC

DISSEMINATION: PAO
CHARGE: PROG

APPROVED: PAO: WWANLUND
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UNCLAS SECTION 01 OF 02 VIENNA 002774

SIPDIS

DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: September 18, 2006

Bawag Scandal Causes Campaign Turbulence

11. The Bawag scandal added yet another layer of intrigue when it was revealed that former OeVP boss Josef Taus visited former Bawag boss Helmut Elsner shortly before he was arrested at his estate in France. The opposition is demanding more details about the nature of the visit; Taus says his meeting with Elsner was private and unrelated to business. Former OeVP boss Taus has known Elsner for decades and also has maintained private business connections with him, writes mass circulation tabloid "Neue Kronenzeitung." Taus denied he helped Elsner out with cash. For the SPOe, the Taus-Elsner meeting was certainly a campaign gift, but is was likewise sharply criticized by FP0e and Greens. The Greens noted that the OeVP twice rejected calls to have Taus interrogated by the Bawag investigation committee, and said that this fact "takes on new significance after the Taus-Elsner meeting."

Sharp SPOe Attacks on Public Prosecutor

12. The SPOe sees a conspiracy between the OeVP and the public prosecutor investigating the Bawag affair. The party charges he gave details concerning contributions to the SPOe made by Wolfgang Flttl, one of the main suspects in the Bawag scandal. The SPOe maintains this is a pending investigation of which no details ought to have been made public. Centrist daily "Die Presse" reports that SPOe spokesman Josef Cap spoke in this connection of a "justice scandal" - the public prosecutor was letting himself be manipulated by the OeVP, he said. Minister of Justice Karin Gastinger has rejected the charges. In a letter to Federal President Heinz Fischer, she called on him for support in "Maintaining the trust of the Austrian population in the Austrian constitutional state." However, according to mass circulation daily "Kurier," the Federal President has declined the attempt to drag him into the election campaign and his spokesman indirectly agreed with the SPOe criticism.

Schuessel Demands Consensus on Town Sign Issue

13. At the 120th anniversary celebration of the Carinthian Farmers' Association, Federal Chancellor Wolfgang Schuessel demanded that Carinthian Governor Joerg Haider follow the general consensus on town signs after the national elections. Schuessel also predicted the elections will be about more than political programs - they will be about "personalities, who has the better ideas and concepts, and political style."

On the Brink of Civil War

14. Gudrun Harrer, foreign policy editor for independent daily "Der Standard" acted as Special Envoy of the Austrian EU presidency and Charge d'Affaires of the Austrian embassy in Baghdad during the first half of 2006. Her report concludes that, more than three years after the American invasion, Iraq has still not reached the turning point - inter-religious violence still prevails. The situation has gotten worse - that is the tenor of Gudrun Harrer's Iraq report. What has taken place is a shift in focus: The center of violence has moved away from the so-called insurgency toward inter-religious violence. In the wake of this development, Baghdad, the large Sunni-Shiite center, has become the battlefield where groups kill members of other groups. It's Iraqis against Iraqis now - the attacks on the Shiite mosque in Samarra in February was the turning point which led from a submerged to an open conflict. The political process, which took place under US pressure, has in a way made things worse, since it alienated the Shiites, who suspect that the US is primarily interested in pulling the Sunnis into its camp and that the price for that could be to give up protection of the Shiites. Therefore, the Shiites are prepared to protect themselves with the help of militia. Under the government program, the militia groups are to be disarmed - however, until Iraq steps back from the brink of civil war that will be difficult.

Conservatives Come to Power in Sweden

15. After 12 years of Social Democratic government, Sweden has opted for change: the conservative alliance headed by Fredrik Reinfeldt

won 48.1 percent of the votes; the Social Democrats got 46.2 percent. Current Prime Minister Gran Persson has already resigned. Reinfeldt's alliance, consisting of Liberal People's Party, Centrist Party, and Christian Democrats, embarked on the election campaign promising the voters a tax reduction, which it plans to finance through cuts in unemployment benefits. Persson, who advocated a strong welfare state, was held by the Swedes to be lacking in new ideas. His failure is also said to indicate that Swedish voters want changes in the Welfare system, writes ORF online. As Prime Minister, Reinfeldt says he would privatize state-owned companies. Selling the state's share in enterprises such as Bank Nordea or the airline SAS could earn the government billions. Reinfeldt is also planning to bring Sweden closer to the EU - however, there will be no referendum about introducing the euro during the next four years.

Provincial Elections in Germany

16. The provincial elections in Berlin and Mecklenburg-Vorpommern (M-V) brought losses for the CDU of Federal Chancellor Angela Merkel in both provinces. The ruling Social Democrats were able to increase their margin in Berlin, although they lost 10.4 percent compared to the last election in M-V. Also in M-V, the neo-Nazi NPD party won 7.3 percent and so will be in the next provincial parliament. In Berlin, meager election results for the Leftist Party could prompt Mayor Klaus Wowereit to give preference to the Greens as coalition partner since they generated better results. In M-V, acting SPD Governor Harald Ringstorff will probably be able to continue governing together with the Leftist Party, since the CDU will probably not find a coalition partner except for the SPD itself, writes independent daily "Der Standard." The rise of the NPD is a matter of grave concern - M-V will be the second German province after Sachsen where the NPD will have seats in parliament - the neo-Nazi party scores especially with young voters, where the approval rate is 12 percent. About 76 percent of the party's voters opt for the NPD "out of protest." there will be no referendum about introducing the euro during the next four years.

Pope Regrets

17. After fierce protests and assassination threats caused by his statements regarding violence and Islam, the Pope is now trying to placate his critics - he voiced his "vivid regret" over his speech and expressed the hope that his words would suffice to appease Muslims. Indeed, Muslim associations in Europe have hailed the Pope's regrets an "important step." The Pope has been threatened with murder after his critical statement on Islam, reports mass circulation daily "Kurier." Assassination threats and a video, which is ascribed to al-Qaida, has been circulated via internet, and in Somalia, fundamentalists have embarked on a "Pope hunt." An Italian nun was murdered in Mogadishu. Terror experts are taking the threats seriously, writes mass circulation provincial daily "Kleine Zeitung." The security authorities have drastically enhanced surveillance and security checks in the Vatican. there will be no referendum about introducing the euro during the next four years.

Start of IAEA General Conference

18. The International Atomic Energy Agency (IAEA) will begin its annual General Conference in Vienna on Monday. Apart from the Iranian nuclear issue, the establishment of a nuclear fuel bank, in which those states in possession of nuclear technology could provide enriched uranium for nuclear power plants in all countries, will be an important topic.

Newly Revived Anti-US Alliance

19. Shortly before the start of the UN General Assembly, the non-aligned nations, at a summit meeting in Havana, welded together an anti-US alliance aimed at reviving the ailing movement. Bolivia, Venezuela, and Cuba were assured of moral support against US meddling into their internal affairs. Iran's right to pursue a nuclear program for peaceful purposes was confirmed, but they were also called upon to cooperate with the IAEA. The main winners of the summit were host Cuba, which had undertaken to lend to the movement a new, anti-imperialist touch. Venezuela's President Hugo Chavez could likewise be satisfied: He got further support for Venezuela's campaign to be a non-permanent member of the UN Security Council and announced that he already had the necessary votes. This announcement met with sharp criticism from the US, which holds Chavez to be a communist, anti-American troublemaker. In an analysis of the event, independent daily "Der Standard" is cautious with predictions about the durability of the renaissance of the non-aligned states. there will be no referendum about introducing the euro during the next four years.

McCaw